



FOREIGN POLICY bulletin

AN ANALYSIS OF CURRENT INTERNATIONAL EVENTS

VOLUME XXXI NUMBER 18

U.S. Business and U.S. Foreign Policy

by Jacob K. Javits

Many Americans are deeply concerned about the extent to which foreign military aid is outstripping foreign economic and technical assistance as the basis of our foreign policy. Of the Administration's request for foreign aid for the fiscal year 1952-53, totaling \$7.9 billion, only about \$650 million is for economic and technical assistance—largely for the underdeveloped areas. If from this amount is deducted \$141 million, which will be devoted to the resettlement of Palestine Arab refugees and refugees in Israel, the resulting total is only about \$500 million. The significance of these figures is that we are proposing to spend almost 92 percent of our foreign aid program on the defensive phase of our struggle against communism and only 8 percent on the offensive, positive phase.

Yet it is clear that the Communist appeal is beamed most directly to the 1.075 billion people, well over two-thirds of the 1.5 billion in the free world, who live on a near-starvation level of under \$100 of income per capita per year in South and Southeast Asia, the Middle East, Africa and Latin America. This situation has been forced on the United States due to the increased exigencies of defense

expenditure at home and the reluctance or unwillingness of Congress to back continued major foreign economic and technical assistance. It represents a radical change from the economic assistance policy of the European Recovery Program (Marshall plan).

It is my firm conviction that it will be difficult to reverse this trend again unless a new formula is developed for foreign economic and technical assistance. A new formula would, I believe, call for American business to take over the major responsibility for the industrial and agricultural phases of economic and technical assistance to the free world, leaving only the nonreproductive phases to government. By American business I mean management, labor, investors, farmers and consumers, not just any one of these. This is a logical responsibility for business because it involves the processes of production in which American business has made the leading record in all recorded history—and which is the principal basis for the prestige of the United States in the world. I estimate that such an investment program by American business, to be effective, should aggregate \$10 billion in the next five years.

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To undertake this program American business would require mutual cooperation within its own ranks, cooperation by the Federal government and cooperation by international agencies at present engaged in the same effort on a multilateral basis. The first impetus toward business taking on this responsibility should be given through the organization of joint investment companies by the leading employer organizations like the United States Chamber of Commerce and the National Association of Manufacturers; the leading labor organizations, CIO and AFL; the American Farm Bureau Federation, the National Grange and other farm organizations; as well as groups like the New York Stock Exchange, the other stock and commodity exchanges and organizations of producers' and consumers' cooperatives. These investment companies should obtain the participation on a progressively increasing scale of indigenous foreign management and capital.

Investment and Personnel

If business undertakes such a program, the emphasis should be upon productive investment. This is a business function and would make business an essential arm of the statesmanship of our people as well as assuring the prosperity of business for decades ahead. It is also the way in which the necessary wealth base can be built up to cover the cost of maintaining the military shield against communism which the free world must have for a decade or

two and which is now threatening to strain the United States financially.

The extent of the need for productive investment may be gauged by a few figures. In 1948 the British Commonwealth countries in South and Southeast Asia, principally India, Pakistan and Ceylon, drafted the Colombo plan calling for a six-year investment program of \$5.23 billion in capital, of which \$3.8 billion was to be invested in India and \$784 million in Pakistan. Of this amount, Britain undertook to supply, out of frozen sterling balances, \$840 million, leaving about \$2 billion of capital, other than local resources, to be raised outside.

The Colombo plan for India will increase land under cultivation by 3.5 percent, land under irrigation by 17 percent, and will add 6 million tons of food grains, or 10 percent, to the present supply, thereby enabling India to hold the line at present living standards. India needs \$1 billion in outside capital, most of which can go into productive investment in six years. The maximum provided in aid of this program under the Mutual Defense Assistance Program for 1952 is about \$100 million. Yet India is the most important country left to the free world in Asia.

Another important aspect of the participation by business in the foreign assistance program is the training of the necessary personnel. I estimate that 1 million young men and women, graduates of our schools and colleges, should be especially recruited for economic and technical work

abroad, prepared in training schools for their jobs and in the languages and customs of the countries to which they are going. They need to be oriented to living and working with the local peoples concerned, so that they are not isolated in American colonies. They need also to have opportunities for making money.

Government Area

Participation by American business in a program of foreign economic and technical assistance would still leave an important area for economic and technical help from the Federal government, an area in which it could properly fit and which could be dealt with by appropriations in the magnitude of the \$650 million contemplated for 1952-53. Government-to-government foreign economic and technical assistance should deal with aid to refugees, displaced persons and surplus-worker migration; public health, sanitation and education; road and port development; land conservation and pest eradication. The government should also be responsible for contributions to the multilateral program of the United Nations, which should be concentrated on objectives appropriate to governmental handling as here spelled out.

Treaty protection should be negotiated by the State Department providing equal treatment for United States private investments; equitable labor standards in operations under such investment; equitable opportunity for United States management

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Stalemate in Korea

The Korean truce negotiations, now entering their 12th month, are a curiosity in diplomatic history. Success in negotiation usually arises from mutuality of interest among the parties negotiating, from decisive military victory, or from the willingness or ability of one party to give concessions or to apply pressures to the other. As far as the United Nations is concerned, all those conditions are absent in Korea. As a result, the negotiations are likely to go on inconclusively until the Communists, whose forces oppose the UN, decide for reasons of their own that the negotiators have reached a suitable stopping place.

The UN on one side and the North Koreans and Communist Chinese on the other have conflicting interests in time of peace as well as war. No party has won a clear-cut military victory in Korea. Each controls roughly the territory it held at the outset of hostilities, and each retains a powerful military force. The UN is not in a position to grant the concessions that might count. It cannot assign control over Formosa to Communist China because this would outrage American congressional and public opinion as the Truman Administration assesses it. Nor has the UN any control over Washington's determination not to recognize the Peiping regime. Yet the UN cannot apply pressures by helping the Chinese Nationalist forces on Formosa to assault Communist China or by attacking China from South Korean bases, because the other UN members associated with the United States in the Korean action (along with many Americans) object that such pressures would en-

large the war instead of hastening the peace.

Issue of Prisoners

On April 29 General Matthew B. Ridgway presented a "package" formula for settlement of the three truce issues still outstanding: the UN demand for a prohibition against the building of air bases in North Korea after a truce; the Communist demand for inclusion of the Soviet Union among the nations that would supervise the truce; and the exchange of prisoners. A compromise on the first two of these issues appears possible. The Communists, however, have so far proved adamant on the issue of prisoners. The UN holds firm for voluntary repatriation, a formula rejected by the Communists on May 2. On May 7 President Truman endorsed the UN stand, declaring that enforced repatriation of prisoners would be "repugnant" to the free world and describing the latest UN armistice proposal as "a just and real opportunity" to end the Korean conflict. "To agree to forced repatriation would be unthinkable," the President said. "It would be repugnant to the fundamental moral and humanitarian principles which underlie our action in Korea."

President Truman's appointment on April 28 of General Mark W. Clark to succeed General Matthew B. Ridgway as United Nations commander in Korea neither dims nor brightens the prospect for resolving the points in controversy and obtaining a truce. General Clark made a reputation for "toughness" in his dealings with Soviet authorities when he was American commander in

Austria immediately after World War II. General Ridgway, who on June 1 takes over General Dwight D. Eisenhower's North Atlantic Treaty command in Europe, is one of the most reasonable and patient diplomats in the American armed forces. Since the removal of General of the Army Douglas MacArthur from Korea in April 1951, however, the outlook for peace there has depended on national and governmental attitudes rather than on personalities.

The possibility of resumption of the Korean war on a major scale complicates General Clark's assignment. During the truce talks the Communists have strengthened themselves militarily, while the United States has strengthened itself strategically. General Ridgway reported on April 28 that the Communists have increased their ground force to 750,000 men (about twice the UN strength in the Korean area) and gathered an air force of 1,500 planes in Manchuria since last July. While the UN force has not grown much, the United States during the period has helped to improve the Chinese Nationalist forces on Formosa and has made alliances with Japan and the Philippine Republic. Japan regained its sovereignty on April 28, when the peace treaty signed last September went into effect, but the Japanese alliance permits the United States and the UN to continue using Japan as a base for the Korean war. As an ally of the United States, Japan faces the possibility of becoming involved in war itself should the Korean truce talks end in failure.

BLAIR BOLLES

As Others See Us

The possibility of increased East-West trade and concern over the prospect of growing United States restrictions on imports preoccupy many commentators in Western Europe.

Fernand Baudhuin, a well-known Belgian economist and a professor at the Catholic University of Louvain, in a leading article published on April 27 by *Libre Belgique*, conservative Catholic newspaper in Brussels, wrote as follows: "The desire of the Russians to resume trade relations with the West is a fact. We cannot hope, of course, that they will limit their requests, as they did this time at Moscow, to consumption goods. We must not make greater demands on Russia than we make on other countries. While it is impossible to supply her with goods of a really strategic nature, there are other nonconsumption goods which could give rise to exchanges.

"We believe that negotiations should be started, particularly in view of the fact that the doors of the American market are closing before European trade. The United States should clearly understand that Europe's equilibrium has certain basic requirements. A great part of our raw materials and foodstuffs can be supplied by these countries in the East, which would make it unnecessary to get them from the United States. In our opinion, therefore, Belgium cannot afford to wait, and she should take the necessary initiatives."

In London the nonpartisan *Spectator*, conservative in tendency, said: "Is it not a little inconsistent that in a country which constantly boasts about, and recommends to the attention of others, the enormous material benefits it has derived from free com-

petition, the first businessman who finds that a foreigner can beat him at his own game should run to the United States Tariff Commission for shelter? And is it not a little surprising that the Federal government, which knows all about the desirability of allowing European countries to earn dollars, should give the less efficient American manufacturer the protection he demands?"

The Economist, leading British economic weekly, declares: "Only two ways are open to the United States if it does not want to maintain foreign aid as a permanent policy. It can either import more or export

less—i.e., force other countries to curtail their purchases of American goods. Of these alternatives the first offers the better return because it helps both the United States and Europe. It helps America by raising the standard of living of the American people. It helps Europe because the United States exports essential foodstuffs and raw materials that cannot be readily replaced from other sources."

A tough tariff policy by America, says *The Economist*, "could well drive some European producers straight into the arms of the Soviet trade delegations."

FPA Quizzes Presidential Candidates

In April, as some of you know, the Foreign Policy Association polled a cross-section of FPA members to find out what three foreign-policy questions out of ten submitted they would most like to ask the Presidential candidates.

The question checked far oftener than any of the others was, "How do you propose to restore confidence at home and abroad in the conduct of our foreign policy?" While men and women replied in about equal numbers, the women were more concerned about loss of confidence in the government than were the men, and the Republicans put much greater emphasis on this problem than the Democrats or the independent voters.

The second question on which FPA members would most like to have the views of Presidential candidates is about the present level of

spending in Western Europe. Here again Republican members were more concerned, while Democrats put less emphasis on spending in Europe than on the question of how the United States can help improve conditions in underdeveloped areas.

Over 40 percent of the FPA members replying describe themselves as independent voters.

Most of the write-in questions were from members who felt that McCarthyism was a more important issue than any of the foreign policy questions listed. (The FPA will send on request the list of ten questions submitted to a cross-section of members.)

The answers of the Presidential candidates to the three questions receiving the largest number of votes will be published in the June 15 BULLETIN.



Constitutional Crisis in South Africa

by Gwendolen M. Carter

Professor Carter, chairman of the department of government, Smith College, is the author of *The British Commonwealth and International Security: The Role of the Dominions, 1919-1939* (Toronto, Ryerson, 1947), and "The British Commonwealth in the Asian Crisis," *Foreign Policy Report* (October 1, 1950).

When the South African Supreme Court on March 20 unanimously declared invalid the key measure of the Nationalist government's political *apartheid* (racial segregation) program—the act which removed the 40-50,000 qualified Colored voters from the ordinary electoral rolls of Cape Province and placed them on a separate roll—it precipitated the sharpest and perhaps most fundamental dispute which has yet shaken this much divided country.

Prime Minister Daniel F. Malan, leader of the Nationalist party, immediately declared that his government rejected the Court's decision as a violation of parliamentary sovereignty. Subsequently his cabinet introduced a bill to make Parliament itself the highest court on constitutional issues. The Opposition, the United party, led by J. G. N. Strauss, maintains that the government is acting unconstitutionally and should resign. Thus the constitutional issue is surcharged with political implications that are bound to be crucial in the next South African election, which must take place by the spring of 1953.

'Entrenched Clauses'

The basis of the Supreme Court's decision is that the Separate Representation of Voters' Act of 1951 was passed by a simple majority in each of the chambers meeting separately, whereas the voting rights of non-Europeans in Cape Province (the only place in the Union where such rights exist) are specifically safeguarded in one of the two "en-

trenched clauses" of the South African constitution, which include a special provision that they can be amended only by a two-thirds majority vote in the Assembly and Senate meeting in joint session. The arguments of the Nationalist government in support of its course of action are more complex and involve a particular interpretation of South Africa's constitutional history.

The South African constitution was drafted by a national convention composed of delegates from four British colonies—the predominantly English-speaking Cape Colony and Natal, and the former Boer states of the Orange Free State and Transvaal—which agreed to form the Union. It acquired legal effect through passage by the British Parliament as the South Africa Act in 1909. In 1931 the British Parliament in the Statute of Westminster asserted the full legal sovereignty of South Africa (as well as the other dominions) by formally withdrawing from its historic, although long dormant, legal powers over them. In so doing, it stated specifically that dominion parliaments could override any British statute having effect in their country. The Nationalist government, supported by its law officers and a ruling of the Speaker of the Assembly, maintains that since the South Africa Act is a British statute, the South African Parliament can override its provisions by a simple majority even where a special amendment procedure has been written into the constitution. It suggests that to limit this power is to limit South African

sovereignty. It contends, moreover, that parliamentary acts in South Africa should be free from judicial review, as statutes are in Britain, and quotes a statement by the Supreme Court in the Ndlwana case of 1937 that an act of Parliament cannot be questioned by a court of law.

South Africa, however, has a written constitution, while Britain has not; and the Supreme Court has now declared that this ruling in the Ndlwana case was incorrect and based on little or no argument. The Court argues that to examine a statute is not to control Parliament, but to declare and apply the law.

Moreover, the South African constitution was a solemn agreement between South Africa's "founding fathers" meeting on their own soil to determine the character of their union. In 1931, prior to the passage of the Statute of Westminster, both the South African Assembly and Senate affirmed the special position of the "entrenched clauses," which protect not only the voting rights of non-Europeans in Cape Province but also the equality of the English and Afrikaans languages. But in any case the Statute of Westminster could not change the form of the constitution, the Court points out, since its only purpose was to remove the powers of the British Parliament over dominion legislatures, and the South African constitution at all times has been subject to amendment only by action of the South African legislature. Thus, what is at issue is not South African sovereignty as such, but the way in which it is exercised

—in this particular question, by a two-thirds majority of the houses in joint session. Drawing a comparison with this country, the Chief Justice pointed out how surprised a constitutional lawyer would be if he were told that the United States is “not a sovereign independent country simply because its Congress cannot pass any legislation which it pleases.”

Positions of Parties

In 1936 the United party under General J. B. M. Hertzog and General Jan Christiaan Smuts removed the Bantu natives in Cape Province from the common roll and gave them separate representation, but they did so by a two-thirds majority. (The Ndlwana case upheld this action.) But Dr. Malan's government has never been able to muster anything like two-thirds of the members of Parliament in support of any of its long series of controversial legislation. The measure affecting the Cape Colored was passed by 76 to 69 in the Assembly and 21 to 16 in the Senate; the hotly contested Citizenship Act, which greatly reduced the privileges of British over non-British settlers in securing South African citizenship, by 76 to 63 in the Assembly and 16 to 15 in the Senate; and the Group Areas Act, against which India has vigorously protested on behalf of the Indian minority in South Africa, by 69 to 61 in the Assembly.

Even the claim of the Nationalist government to represent majority opinion among those of European descent (2.5 million of South Africa's 12.5 million people) rests on tenuous ground. In the 1948 election the United party polled 515,273 votes, while the Nationalist and Afrikaner parties together polled only 442,338 votes. Because rural constituencies are overweighted in representation in South Africa, as in the United

States, Dr. Malan's party was able to secure 70 seats to the United party's 65, but many of these were won by slim majorities. Not until the Nationalists staged elections in the mandated territory of South-West Africa in 1950, winning all six of its new seats in the Assembly, were they able to secure a majority of their own over the United and Labor parties. Thereafter N. C. Havenga, a longtime follower of Hertzog, gave up his opposition to Malan's measure concerning the Cape Colored and subsequently merged his Afrikaner party with the Nationalists.

Whites' Unity at Stake

It has been charged in the Union that the Nationalists' attempt to place on a separate voting roll the last non-Europeans to vote on the same rolls as Europeans—the male Cape Colored who can meet property and literacy tests—represents more than the effort to establish political *apartheid*. In 1948 the United party won 27 seats in Cape Province, one more than the Nationalist, and 12 of the 27 were affected by the Colored vote. Under the contested Malan legislation, the Colored would have had four European representatives of their own (the Cape natives have three), but the Nationalist might well have gained additional seats in the coming election if the Colored vote had been eliminated. Thus Malan's critics suggest that this part of the *apartheid* program smacks of gerrymandering and that the Nationalist party aims at securing a permanent majority for itself in Parliament. From another point of view the attempted removal of the Cape Colored from the common electoral roll, like the earlier removal of the Cape natives, suggests that increasing education and improved economic position may result in restrictions for South African

non-Europeans rather than in increased influence in their country. Only when those eligible for the franchise became sufficiently numerous to affect the results in certain constituencies was action taken against them.

Many people in South Africa feel that what is at stake in this situation is not only the ordinary struggle between political parties but the character of South African society in the future. Although all of South Africa's prime ministers have been Afrikaners (who considerably outnumber persons of English stock in the country), those who preceded Dr. Malan always stood for the principle of building South Africa on the basis of both its peoples of European ancestry. Today the United party, which includes not only practically all English South Africans but also a number of moderate Afrikaners, stands firmly for this principle.

Since the constitutional crisis, the United party has been officially joined in this objective by the predominantly English-speaking Labor party and also by the Torch Commando, an association of ex-service-men organized during the last two years under the leadership of A. G. “Sailor” Malan (no relation to the prime minister) for the broad purpose of working for South African unity. Its 150-200,000 members are both Afrikaans- and English-speaking, are drawn from many parts of the country and include outstanding members of the community. They are now resisting what they consider to be the Nationalists' attack upon the constitution and have thus become the political supporters of the United party.

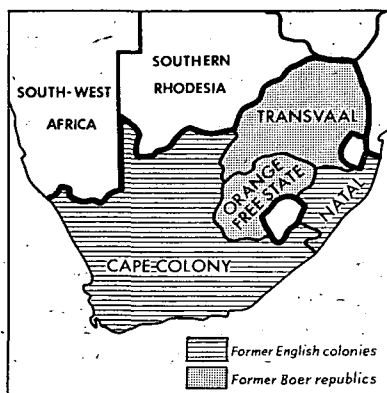
Dr. Malan's Nationalist party, in contrast, is represented in Parliament almost exclusively by Afrikaners, and his cabinet is unique in the history of South Africa in that it does not

include a single person of English ancestry. Some of its members, like C. R. Swart and J. G. Strydom, are extreme Afrikaner nationalists; most of the cabinet, including Dr. Malan himself, and many other parliamentary members of the party belong to the Broederbond, a secret society dedicated to the support of Christian Afrikaner principles. Recently a small group of ministers of the powerful Dutch Reformed Church charged that many pulpits of this Church are being used to support the program of the Broederbond and that the Nationalist party is its political organ. The Broederbond occupies influential positions in both the administration and the educational system. Although Dr. Malan since 1944 has soft-pedaled the more exclusively Afrikaner elements of his earlier program, like the dominance of the Afrikaans language, and periodically calls on English-speaking South Africans to support the Nationalist party in their common need to maintain European dominance against the pressures of the far more numerous non-Europeans (the 8 million Bantu, 1 million Colored of mixed blood, and a quarter million Indians), there seems little question that his party is working to achieve a predominantly, if not exclusively, Afrikaner stamp on the life of the country.

Effect on Commonwealth

It is sometimes suggested that South Africa's position in the British Commonwealth is a source of division between the republican-minded Afrikaners and the English South Africans. Obviously the former have none of the feeling of sentiment towards Great Britain or the Crown which is likely to animate those of English descent. But there are several reasons why Afrikaner nationalists may be reluctant to break their connection with the Commonwealth.

In the first place, since 1949 when India became a republic but retained membership in the Commonwealth with the specific approval of all its other members, republicanism and Commonwealth membership have proved compatible. Beyond this is the strategic advantage for South Africa of continued association with Britain, whose naval strength is second only to that of the United States, and with the many British territories on the continent of Africa. At a time when South Africa is seriously in disfavor in the United Nations because of its handling of South-West



Union of South Africa

Africa and because of the position of Indians in South Africa, and when, moreover, there is great fear of communism and of the Soviet Union, it seems unlikely that any substantial group of South Africans will endorse breaking their country's ties with the Commonwealth, which demands little from them and can still provide noticeable benefits.

The present crisis in South Africa centers around constitutional procedures and minority rights. It is not the principle of racial segregation which is at issue, even though the case concerned the voting rights of non-Europeans. This principle has long been accepted by South Africans of European ancestry, although the United party would prefer to enforce it by custom rather than by

the rigid legislative enactments the Nationalists favor. The issue at stake is rather the character of life of the European community and the means by which this shall be shaped.

Dr. Malan's contention that a bare majority in Parliament should have the power to override any minority guarantees is singularly dangerous in a multiracial society like that of South Africa. So too is the government's unwillingness to accept the verdict of the courts in a constitutional issue, for this threatens the rule of law on which Western democracies are based. The United party not only endorses the retention of the Colored vote in Cape Province but also proposes that a comprehensive bill of rights, somewhat like the American Bill of Rights, should be inserted in the constitution with the same safeguards as the present "entrenched clauses." Whether its program or that of Dr. Malan is adopted in South Africa rests ultimately with the voters in the next election.

READING SUGGESTIONS: An excellent introduction to South African history and current problems can be found in Arthur Keppel-Jones, *South Africa* (New York, Longmans, 1950); the Public Affairs pamphlet with the same title by Alan Paton, author of the sympathetic and revealing novel, *Cry, the Beloved Country* (New York, Scribner, 1948); and Gwendolen M. Carter, "The British Commonwealth in the Asian Crisis," *Foreign Policy Report*, Vol. XXVI, No. 10 (October 1, 1950). Other good general works are C. W. De Kiewiet, *A History of South Africa, Social and Economic* (London, Oxford University Press, 1942); Jan H. Hofmeyr, *South Africa* (London, Benn, 1931); Whitman J. Sevringhaus, "South Africa: Old Policies, New Leaders," *Foreign Policy Report*, Vol. XXVI, No. 18 (February 1, 1951); and A. F. Basil Williams, *Botha, Smuts and South Africa* (New York, Macmillan, 1948). For gaining an understanding of Dr. Malan's Nationalist party, the best source is the very detailed but highly successful essay in contemporary history by Michael Roberts and A. E. G. Trollop, *The South African Opposition, 1939-1945* (New York, Longmans, 1948). The Speaker's ruling on franchise legislation, April 11, 1951 and the judgment of the Supreme Court can be consulted at the South African Information Office, 655 Madison Avenue, New York City.

Javits

(Continued from page 2)

to operate where the investment is made, and also for enlisting and training local management and making provision for the conservation of the local resources which may be involved. What should be sought is a new self-help and mutual cooperation in wealth production—not the old colonial model of exporting raw materials and importing finished goods only. These treaties should contain bilateral tax compacts which seek to eliminate discriminatory taxes levied upon United States corporations abroad and provide that income from business establishments of one country located in the other should be subjected to taxation only in the country where earned.

There is also a role for the international financing agencies—the International Bank for Reconstruction and Development and the International Monetary Fund. The Fund should be encouraged to utilize its resources for the purpose of increasing agricultural and industrial production rather than occupying the sterile position it does today of waiting for temporary imbalances of payments to occur requiring its aid. This calls for a world much more normal in commercial terms than we are likely to see for some time. The Bank should be encouraged by us to organize as an affiliate an Interna-

tional Finance Corporation to make joint equity investments in these ventures. This was suggested by the International Development Advisory Board, then headed by Nelson Rockefeller, in March 1951.

American business has other very important reasons for getting into the field of foreign economic and technical assistance. In the first place we need important additions to our mineral resources from abroad. United States industry is becoming increasingly dependent on foreign resources of iron ore and petroleum. It depends on imports for 100 percent of natural rubber; 100 percent of chromium, tin, nickel and manganese; 70 percent of its bauxite (for aluminum); and 30 percent of its lead, copper and zinc.

Secondly, we Americans have to look to our export markets, which play a big part in the profitable operation of American business. Exports now take only about 5 percent of our gross national product, while defense this year will take about 20 percent. When defense needs level off, say to about 10 percent of the present gross national product, our exports will become very much more important. It is true that there is a big backlog in the building of roads, schools, hospitals and in other public construction, but this is not an adequate substitute for dynamic buying and selling as

far as business is concerned. Consumers are also interested in a high rate of imports being sustained.

The capability of overseas markets to take our goods and to produce for our import requirements depends on an enormous expansion of productive investment in the underdeveloped areas. It is too little known that, even under the Marshall plan, out of the \$12,427,000,000 of economic aid given to the European recipient nations by the United States, their underdeveloped territories, colonies and dependencies obtained only \$312,400,000.

—We are making great strides with military defense against the danger of Communist aggression. But we are not doing nearly as well on the economic and technical side—a side as vital as the offensive against the Communist ideas, which threatens particularly in the large and heavily populated underdeveloped areas. In this offensive, so portentous in the anti-Communist struggle and vital to the fundamental improvement of the free world, American business should play the principal role in the years ahead.

(Representative Jacob K. Javits, Republican-Liberal from New York City's Upper West Side, is now serving his third term in Congress. A member of the House Committee on Foreign Affairs and senior minority member of its Subcommittee on Economic Affairs, Mr. Javits has long emphasized the need for technical and economic aid.)

FOREIGN POLICY BULLETIN

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